No. 15-375

IN THE

Supreme Court of the United States

SUPAP KIRTSAENG, DBA BLUECHRISTINE99,
Petitioner,

v.

JOHN WILEY & SONS, INC.,
Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

BRIEF OF RIMINI STREET, INC. AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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INTEREST OF *AMICUS CURIAE*[1]

Amicus curiae Rimini Street, Inc. is a defendant in ongoing copyright infringement litigation brought by Oracle Corporation. *Oracle USA, Inc.* v. *Rimini Street, Inc.*, 2:10-cv-00106-LRH-PAL (D. Nev. Jan. 25, 2010). After the jury returned a verdict finding that Rimini Street was liable only for "innocent" infringement, Oracle sought an award of attorneys' fees significantly larger than the verdict amount. *Id.* at ECF No. 917 (Nov. 13, 2015). The fee request has not yet been decided by the district court, and Rimini Street is not asking this Court to weigh in on Oracle's request. Rather, Rimini Street's interest is in ensuring that the standard for attorneys' fees under the Copyright Act continues to balance the interests of rights-holders and accused infringers, without unduly favoring the prevailing party in any case.

For the reasons set forth below, Rimini Street respectfully submits that under the plain language of 17 U.S.C. § 505, the policies underlying the Copyright Act, and this Court's precedent, district courts must be granted broad discretion not only to *grant* attorney fee requests, but also to *deny* attorney fee requests where appropriate and in keeping with the purposes of the Copyright Act.

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[1] Pursuant to Supreme Court Rule 37.6, counsel for *amicus curiae* states that no counsel for a party authored this brief in whole or in part, and no person or entity other than *amicus curiae* or its counsel made a monetary contribution to this brief's preparation or submission. All parties have consented to the filing of this brief.

SUMMARY OF THE ARGUMENT

Petitioner, having successfully defended against a copyright infringement lawsuit, asks this Court to declare that fees are "generally appropriate" and "ordinarily appropriate" where a prevailing party achieves a result that "meaningfully clarifies" the Copyright Act. Pet. Br. 35–36. Since every prevailing party will, like petitioner, claim to have achieved such a result, petitioner is thus asking this Court to adopt a standard under which virtually every prevailing party is "generally" entitled to recover attorneys' fees—that is, a presumption in favor of fees to the prevailing party.

Petitioner's position cannot be reconciled with this Court's decision in *Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517 (1994), and should not be adopted here. District courts must be given discretion to grant *or deny* attorney fee requests when doing so furthers the purposes of the Copyright Act, with no thumb on the prevailing party's side of the scale. Particularly in cases between competitors and involving innocent infringement, district courts should have discretion to withhold fee awards *even if* the litigation had the effect of "meaningfully clarif[ying]" copyright law. Constraining district courts' discretion in these situations with presumptions would impede, rather than promote, the purposes of the Copyright Act.

ARGUMENT

The Copyright Act and this Court's precedent afford district courts discretion to grant—and deny—attorney fee motions depending on the facts and circumstances of each case. Adopting a presumption that prevailing parties are "generally" or "ordinarily"

entitled to fees, as petitioner proposes, would impermissibly constrain that discretion and lead to fee awards in circumstances that do not further the purposes of the Copyright Act.

I. SECTION 505 GRANTS COURTS DISCRETION TO AWARD OR WITHHOLD FEES

There is no presumption in favor of attorneys' fees under the Copyright Act. Rather, Section 505 of the Copyright Act consists of two straightforward sentences, which provide discretion to the district court twice over. *See Fogerty*, 510 U.S. at 538 (Thomas, J., concurring) (noting that the "full text of § 505" provides "further support" for the Court's conclusion that any fee award is discretionary). First, district courts are explicitly granted "discretion" to award "costs." 17 U.S.C. § 505 ("In any civil action under this title, *the court in its discretion may* allow the recovery of full costs by or against any party other than the United States or an officer thereof") (emphasis added). Second, if the district court exercises its discretion to award costs, the district court *may* (or may not) also award a reasonable attorneys' fee to the prevailing party. *Ibid.* ("Except as otherwise provided by this title, the court *may* also award a reasonable attorney's fee to the prevailing party as part of the costs") (emphasis added).

This Court in *Fogerty* rejected a presumption in favor of fees "as a matter of course, absent exceptional circumstances" because such a presumption "would pretermit the exercise of [the] discretion" "clearly" provided by the "plain language of § 505." *Fogerty*, 510 U.S. at 533. In addition, the Court noted that "it is the general rule in this country that un-

less Congress provides otherwise, parties are to bear their own attorney's fees," and the Court found it "impossible to believe" that Congress adopted a contrary rule in Section 505. *Id.* at 534 (citing *Alyeska Pipeline Service Co.* v. *Wilderness Society*, 421 U.S. 240, 247–62 (1975)). In so holding, the Court rejected a number of cases that applied a presumption similar to the one petitioner advocates here. *E.g.*, *McCulloch* v. *Albert E. Price*, 823 F.2d 316, 323 (9th Cir. 1987) ("fees are generally awarded to the prevailing plaintiff"); *Diamond* v. *Am-Law Pub. Corp.*, 745 F.2d 142, 148 (2d Cir. 1984) ("fees are generally awarded to prevailing plaintiffs").

This Court in *Fogerty* also provided lower courts with guidance on how to determine whether to award fees to prevailing parties. The Court has done much the same in other areas involving discretionary decisions under the Copyright Act. *See, e.g.*, *eBay Inc.* v. *MercExchange, LLC*, 547 U.S. 388, 392–93 (2006) (district courts are to consider four traditional factors in exercising their discretion to "grant injunctive relief" under the Patent Act "consistent with our treatment of injunctions under the Copyright Act").

With respect to attorneys' fees, although "[t]here is no precise rule or formula," "equitable discretion should be exercised," and courts should consider a variety of factors "so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an even-handed manner." *Fogerty*, 510 U.S. at 534 (quoting *Hensley* v. *Eckerhart*, 461 U.S. 424, 436–37 (1983)). Those factors include "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in

particular circumstances to advance considerations of compensation and deterrence." *Id.* at 534 n.19.

This Court has since reaffirmed *Fogerty*. *See, e.g.*, *Octane Fitness, LLC* v. *ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014) ("As in the comparable context of the Copyright Act, '[t]here is no precise rule or formula for making these determinations,' but instead equitable discretion should be exercised 'in light of the considerations we have identified'") (quoting *Fogerty*, 510 U.S. at 534); *id.* at 1756 n.6 (listing *Fogerty* factors, including "objective unreasonableness," as appropriate considerations in determining whether to award fees to the prevailing party); *Martin* v. *Franklin Capital Corp.*, 546 U.S. 132, 136 (2005) (rejecting "a strong presumption in favor of awarding fees" where statute provides that a court "may," "not 'shall' or 'should,'" award fees and quoting *Fogerty*). And petitioner offers no argument or justification for this Court's reconsideration of that decision.

The district court here weighed the *Fogerty* factors and exercised its discretion to deny petitioner's fee request. The court found that the position advanced by the copyright holder in the underlying litigation had been "objectively reasonable" (*John Wiley & Sons, Inc.* v. *Kirtsaeng*, 2013 WL 6722887, at *1 (S.D.N.Y. Dec. 20, 2013))—indeed, it was accepted by the district court, the court of appeals, and three Justices of this Court. In giving the objective reasonableness factor what it termed "substantial weight," the court did *not* find this factor dispositive; on the contrary, it specifically noted that "other factors may, in some circumstances, outweigh the objective reasonableness of the non-prevailing party," but

"this is not such a case." *Id.* at *3–4. The court addressed each of the remaining factors, finding that frivolousness, motivation, and considerations of compensation and deterrence did not weigh in favor of a fee award. *Ibid.* The court also addressed "three additional" factors raised by petitioner, but held that they were unpersuasive under "the facts of this case." *Id.* at *4–6.

The Second Circuit affirmed, rejecting petitioner's argument that the district court improperly "'fixated' on John Wiley & Sons' objective reasonableness at the expense of other relevant factors." *John Wiley & Sons, Inc.* v. *Kirtsaeng*, 605 F. App'x 48, 49–50 (2d Cir. 2015) (unpublished), *cert. granted*, 136 S. Ct. 890 (2016). As the Second Circuit explained, the district court had evaluated each factor "in its thorough opinion" and concluded that an award of fees would not further the purposes of the Copyright Act. *Ibid.* That ruling, the Second Circuit concluded, was not an abuse of discretion on this record.

Although petitioner devotes much of his brief to criticizing the use of objective reasonableness as a factor in the fee analysis, this Court already approved of it in *Fogerty*. 510 U.S. at 538 n.19. And for good reason: To award fees against a party, like respondent, who advocated an eminently reasonable position in a "novel or close" case, the district court explained, would "discourage" parties from litigating issues that clarify the "boundaries of the copyright law." *Wiley*, 2013 WL 6722887, at *4; *see also* Resp. Br. 24–29. As a result, regardless of whether this Court approves of the Second Circuit's precise formulation of the "objectively reasonable" factor, *it clearly is a factor that courts may consider*. Unless its appli-

cation here was an abuse of discretion—and respondent convincingly demonstrates that it was not—then petitioner's criticisms of this factor amount to nothing other than disagreement with *Fogerty* itself.

In short, this Court's precedents make clear that district courts have discretion to either award or withhold fees based on a multitude of factors, and there is no presumption in favor of fees under any circumstances. The district court exercised that discretion here, and the court of appeals affirmed that decision. Petitioner's argument is an affront to *Fogerty* and the traditional equitable factor that *Fogerty* endorsed.

II. PETITIONER'S PROPOSED STANDARD WOULD UNDULY CONSTRAIN COURTS' DISCRETION TO DENY FEE REQUESTS

Petitioner advocates a standard that is tantamount to a presumption in favor of awarding fees to the prevailing party, and that would necessarily, and inappropriately, constrain the exercise of the district court's discretion in deciding whether to award or withhold attorneys' fees in copyright cases. Such a presumption would result in fee awards that are directly contrary to the purposes of the Copyright Act, particularly in cases between competitors and involving innocent infringement. Petitioner's proposed standard should therefore be rejected.

A. Petitioner's Standard Is Tantamount to a Presumption

Petitioner argues that a fee award is "generally appropriate" and "ordinarily appropriate" where the prevailing party has advanced the purposes of the

Copyright Act by "meaningfully clarif[ying] the Act's substantive contours." Pet. Br. 4, 14, 35–36, 40.

This Court, however, rejected a nearly identical standard in *Fogerty*. 510 U.S. at 533 (rejecting cases holding that fees are generally awarded to the prevailing party); *cf. Martin*, 546 U.S. at 136 (rejecting similar "presumption in favor of awarding fees" under removal statute); *United States* v. *Sarras*, 571 F.3d 1111, 1141 n.38 (11th Cir.) ("What we ordinarily expect we rebuttably presume"), *overruled on other grounds by* 575 F.3d 1191 (11th Cir. 2009). Petitioner's proposed standard would necessarily constrain the district court's discretion contrary to both Section 505 and this Court's decision in *Fogerty*.

Making fees "generally" available to prevailing parties that meaningfully clarify the Copyright Act would in practice apply to *all* prevailing parties since nearly every case clarifies the Copyright Act to some degree, particularly at the appellate level. Or so prevailing parties would contend if petitioner's standard were to become law. After all, if a party's claims or defenses did not further the purposes of the Act, presumably that party would not have prevailed.

Petitioner also argues that fees are "generally appropriate" where a result has "directly promoted creation or dissemination" of creative works, but provides no explanation for how this standard could meaningfully be applied. Pet. Br. 4. Indeed, as petitioner acknowledges, compensating authors (when a plaintiff wins) and increasing access to works (when a defendant wins) *both* promote this goal, and so *eve-*

ry case will involve a prevailing party who has promoted the purposes of the Copyright Act. *Id.* at 15.

Petitioner argues the district court erred by applying a standard that "displaces a district court's elemental discretion to assign relative weights to factors in evaluating the appropriateness of a fee award." Pet. Br. 13. But petitioner seeks to do just that by elevating the "jurisprudential importance" factor above all others. Indeed, petitioner's proposed standard is tantamount to a presumption in favor of the prevailing party in all cases—the very notion rejected in *Fogerty*—and it should be rejected.

B. Petitioner's Standard Would Result in Fee Awards Contrary to the Purposes of the Copyright Act

Petitioner's proposal that fees be "generally" available in any case where a prevailing party helped define the contours of the Copyright Act would result in fee awards that run directly contrary to the purposes of the Copyright Act. Set forth below are a few pointed examples of situations where fees should not be awarded, but may be under petitioner's standard.

1. Anticompetitive Litigation

The ultimate purpose of the Copyright Act is to promote technological progress ("Science") and creative innovation ("useful Arts") through the production of works for the general public good. U.S. Const. art. I, § 8, cl. 8; *Fogerty*, 510 U.S. at 524–27; *Feist Publ'ns, Inc.* v. *Rural Tel. Serv. Co.*, 499 U.S. 340, 1289–90 (1991) ("The primary objective of copyright is not to reward the labor of authors, but '[t]o promote the Progress of Science and useful Arts'"); *Twentieth Century Music Corp.* v. *Aiken*, 422 U.S.

151, 156 (1975) ("The immediate effect of our copyright law is to secure a fair return for the author's creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good."). Copyright litigation serves this purpose by rewarding copyright holders for their works (thereby encouraging others to create), and by helping demarcate the boundaries of copyright law. *Twentieth Century Music Corp.*, 422 U.S. at 156.

However, copyright litigation can also be used as a weapon by one competitor against another "to secure a competitive advantage." *Maljack Prods., Inc.* v. *GoodTimes Home Video Corp.*, 81 F.3d 881, 889 (9th Cir. 1996). By leveraging copyrights in order to extract settlements, drive up litigation costs against a smaller and less-funded competitor, or obtain monopoly power in secondary markets, plaintiffs have in many instances used copyrights in a way that does not promote innovation, but rather constrains market competition. *See, e.g.*, *Assessment Techs. of WI, LLC* v. *Wire Data, Inc.*, 361 F.3d 434, 437 (7th Cir. 2004) (improper "for a copyright owner to use an infringement suit to obtain property protection, here in data, that copyright law clearly does not confer, hoping to force a settlement or even achieve an outright victory over an opponent that may lack the resources or the legal sophistication to resist effectively") (citation omitted); *Alcatel USA, Inc.* v. *DGI Tech., Inc.*, 166 F.3d 772, 794 (5th Cir. 2002) (plaintiff used copyright litigation to "secur[e] a limited monopoly over its uncopyrighted microprocessor cards" and prevent its competitor from "developing its product").

This Court in *Fogerty* based its standard for attorneys' fees on these important principles. The

Court explained that "the monopoly privileges that Congress authorized" in the Copyright Act "are limited in nature and must ultimately serve the public good." 510 U.S. at 526; *see also id.* ("The limited scope of the copyright holder's statutory monopoly reflects a balance of competing claims upon the public interest") (quoting *Aiken*, 422 U.S. at 156). And it rejected a standard favoring copyright plaintiffs because although attorney fee awards should discourage copyright infringement, they should also encourage competition. *Fogerty*, 510 U.S. at 526–27 ("copyright law ultimately serves the purpose of enriching the public through access to creative works").

An anticompetitive copyright infringement action could clarify an important aspect of copyright law, and under petitioner's presumption the prevailing anticompetitive plaintiff would therefore "generally" be entitled to attorneys' fees. But such lawsuits do not further the purposes of the Copyright Act, and they should not be encouraged by a presumption in favor of attorneys' fees for the prevailing party. *See Omega S.A.* v. *Costco Wholesale Corp.*, 776 F.3d 692, 699 (9th Cir. 2015) (Wardlaw, J., concurring) ("An owner's attempt to impermissibly expand his lawful protection from competition contravenes the policy of the copyright laws"); *cf. Morton Salt Co.* v. *G.S. Suppiger Co.*, 314 U.S. 488, 494 (1942) ("The patentee, like these other holders of an exclusive privilege granted in the furtherance of a public policy, may not claim protection of his grant by the courts where it is being used to subvert that policy"), *abrogated on other grounds by Ill. Tool Works, Inc.* v. *Indep. Ink, Inc.*, 547 U.S. 28 (2006). Indeed, the public is *disserved* by an outcome that reduces competition and does not

encourage innovation. *See Mattel, Inc.* v. *MGA Entm't, Inc.*, 705 F.3d 1108, 1111 (9th Cir. 2013) (copyright lawsuit "that was stunning in scope and unreasonable in the relief it requested" "could have ushered in new era of copyright litigation aimed not at promoting expression but at stifling the 'competition' upon which America thrives") (citation omitted).

District courts *must* be given discretion to deny attorney fee requests where the court determines that awarding fees would provide incentives for anti-competitive litigation and harm competition.

2. Behemoth Prevailing Plaintiffs

Any presumption in favor of fees would also lead to increased settlements of even the most frivolous claims, because the largest copyright holders will have every incentive to sue their much smaller competitors and drive up litigation costs in the process, knowing that a fee award acts as leverage if they manage to clarify the Copyright Act at some stage of the lawsuit. *Fogerty*, 510 U.S. at 524 ("entities which sue for copyright infringement as plaintiffs can run the gamut from corporate behemoths to starving artists; the same is true of prospective copyright infringement defendants") (quotation omitted); *Perfect 10, Inc.* v. *Giganews, Inc.*, 2011 WL 1746484, at *11 n.4 (C.D. Cal. Aug. 4, 2011) (copyright lawsuit prosecuted in an "unnecessarily litigious manner that was guaranteed (if not designed) to drive up the costs of litigation"); *Warner Bros., Inc.* v. *Dae Rim Trading, Inc.*, 677 F. Supp. 740, 745, 773 (S.D.N.Y. 1988) (plaintiff "unreasonably prolonged" litigation in "vexatious" and "oppressive" manner against "small shopkeeper who committed but a single and innocent

infringement" in order to collect "disproportionately large statutory damages and attorney's fees"), *rev'd*, 877 F.2d 1120, 1126 (2d Cir. 1989) (concluding that "neither party's success was sufficiently significant to mandate an award of attorneys' fees").

This is particularly true in an increasingly digitized economy, where acts of copyright infringement inevitably occur as startup companies seek to enter the software, video game, television, music, and motion picture industries. The limited monopoly conferred by the Copyright Act is hedged about with many statutory and common-law defenses. Persons of good faith may make use of copyrighted works with a well-founded belief that there is no infringement, or that any infringement is permitted as "fair use" or otherwise, but some of these new entrants will assess the legal landscape incorrectly. The Copyright Act sensibly caps the damages exposure in such cases (unless the rights holder can prove actual damages). 17 U.S.C. § 504. But a presumption in favor of attorneys' fees for prevailing parties would alter these incentives since the fee award could (as in Rimini Street's case) well exceed the maximum amount of statutory damages.

Petitioner apparently agrees, arguing that in some circumstances "a plaintiff or defendant who faced down a sophisticated, moneyed adversary is more deserving of fees, since such parties will ordinarily confront extreme pressure to settle rather than battle a juggernaut." Pet. Br. 50. But the reverse is also true: A party who *loses* a copyright infringement lawsuit for innocent acts of infringement to a "corporate behemoth" should not presumptively be required to pay attorneys' fees.

3. Reasonable Defenses

Petitioner's standard would also incentivize frivolous claims and discourage reasonable defenses, because only the former would lead to a fee award.

Petitioner argues that fees should be "generally" available to parties who take "novel" positions and prevail, because those cases involve the "highest risk" of losing and are therefore "in the most need of encouragement." Pet. Br. 33. In other words, a plaintiff who files a frivolous lawsuit but manages to prevail would be presumptively entitled to attorneys' fees against a defendant who asserted unassailably reasonable defenses, simply because the result of the plaintiff's lawsuit was a change in the law.

Indeed, *amicus curiae* for petitioner goes so far as to argue that had respondent won this case, it would *not* be entitled to fees because its position was in line with controlling law at the time. *See* Public Knowledge Br. 10–11 ("in a counterfactual world where Wiley won on the first sale issue, Wiley would not merit attorney fees by reason of successfully narrowing the first sale doctrine" because Wiley's position was merely "a mine-run response to a novel defense," rather than a "novel theory of infringement"). This is so, petitioner's *amicus* argues, even though the *same* law would have been clarified regardless of the winning party, given that this Court had recently split 4-4 on the central issue that respondent litigated. *See Costco Wholesale Corp.* v. *Omega S.A.*, 131 S. Ct. 565 (2010).

Petitioner's standard would create an incentive for novel and even frivolous copyright lawsuits, and penalize defendants who assert well-accepted de-

fenses in good faith. Because a fee award would be presumptively appropriate in cases where the prevailing party took a position contrary to "leading appellate precedent" and nevertheless won, the *losing* party, who presumably took a position *consistent* with "leading appellate precedent," will by definition have raised reasonable arguments.

Petitioner argues that by weighing as a factor the "objective reasonableness" of the losing party's legal and factual arguments, "the game is rigged for plaintiffs in just the way *Fogerty* rejects." Pet. Br. 4. That is wrong, as Rimini Street's experience demonstrates: A unanimous jury found that the conduct challenged by Oracle was infringing, but that this infringement had been "innocent"—i.e., Rimini Street did not know, and had no reason to believe, that its acts were infringing. According to the jury's verdict, Rimini Street's conduct was therefore objectively reasonable by definition. Thus, the "objective reasonableness" factor can weigh against fees for a plaintiff (such as respondent) or a defendant (such as Rimini Street), and its application does not conflict with this Court's holding in *Fogerty* that fees must be awarded "to prevailing plaintiffs and defendants in an evenhanded manner." 510 U.S. at 534 n.19.

Moreover, petitioner's standard would have the opposite of its intended effect. In the close cases where the scope of the copyright laws is most likely to be clarified, petitioner's standard would discourage defendants from litigating, given that they could be on the hook for not only damages but the plaintiff's attorneys' fees. *Cf. Cooter & Gell* v. *Hartmax Corp.*, 496 U.S. 384, 408 (1990) (award "would be likely to chill all but the bravest of litigants from tak-

ing an appeal"). It is precisely in these close cases, where both sides' arguments are reasonable, that the Copyright Act should encourage—and importantly, not *discourage*—the parties to litigate. But petitioner's standard would have the opposite effect, because parties in close cases would know that they will have to pay fees if their opponent's position turns out to be successful.

Given that copyright cases present a number of novel or unsettled issues, particularly at the appellate level, courts must examine the reasonableness of the parties' positions. To presumptively require fees from a defendant who by definition took an objectively reasonable position would encourage frivolous claims and defenses and, as respondent argues, present serious administrative difficulties, as it will be impossible in many instances to assess the "seismic significance" of a case until far after it is decided. Accordingly, district courts should be granted discretion to assess the reasonableness of the positions advocated in each particular case, unconstrained by a presumption in favor of fees.

4. Non-Willful or Innocent Infringement

Persons found liable for innocent infringement should under no circumstances be penalized with an attorney fee award, yet petitioner's proposed standard would constrain district courts' ability to deny fee requests in such circumstances.

Consistent with this Court' s guidance in *Fogerty* to consider the objective reasonableness of the losing party's arguments, many courts consider whether the infringement was willful before awarding fees, because a large fee award can be punitive in nature.

See, e.g., Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 14.10[D][2][a], at 14-155 (2004) ("One of the most common circumstances warranting an award of attorney's fees is deliberate infringement"); *Arista Records, Inc.* v. *Beker Enters., Inc.*, 298 F Supp. 2d 1310, 1316 (S.D. Fla. 2003) (awarding fees against willful infringer "serve[s] the important functions of deterring future infringements, penalizing Defendants for their unlawful conduct, and compensating Plaintiffs for the attorney's fees and costs they were forced to incur in order to protect their copyrights"). This is doubly true where the infringement is innocent, because an act of innocent infringement is *malum prohibitum*, not *malum in se*. *Transgo, Inc.* v. *Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1027 (9th Cir. 1985) (defendant's good faith may justify denial of attorneys' fees under Section 505); *Dolori Fabrics, Inc.* v. *Limited, Inc.*, 662 F. Supp. 1347, 1357–58 (S.D.N.Y. 1987) (declining to award attorneys' fees against "unintentional" infringer).

Yet "innocent infringers" will be especially vulnerable to attorney fee awards under petitioner's standard. An innocent infringer, which by definition has no reason to believe it has acted unlawfully, will rationally defend itself against claims of copyright infringement. 17 U.S.C. § 504(c)(2) (innocent infringer defined as one who "was not aware and had no reason to believe that his or her acts constituted an infringement of copyright"). To nevertheless punish an innocent infringer with a fee award because the plaintiff prevailed on a "novel" theory that is contrary to "appellate precedent" would discourage good-

faith defenses and instead encourage innocent parties to settle even frivolous claims.[2]

No court has exercised its discretion under *Fogerty* to award fees against an innocent infringer. That should not surprise, because innocent infringers' arguments are by definition not frivolous and are objectively reasonable. And the deterrence factor likewise favors innocent infringers because, as the United States Department of Commerce recently recognized in a long-awaited report on the Copyright Act, innocent infringers "will not need to be deterred from future infringement." *See* U.S. Dep't of Commerce, White Paper on Remixes, First Sale, and Statutory Damages, U.S. Patent & Trademark Office, 91 (Jan. 2016). Petitioner's standard, however, would make fees "generally" available *even against innocent infringers*. That is yet another indicium of its incorrectness.

At least three *Fogerty* factors (frivolousness, deterrence, and reasonableness) counsel against fee awards against innocent infringers. District courts must be allowed to weigh these factors in light of the facts and circumstances of each case, unconstrained by any presumptions, in exercising their discretion to grant or deny fee applications.

CONCLUSION

This Court should reaffirm its unanimous decision in *Fogerty*, hold that district courts have discretion to award or withhold fees under 17 U.S.C. § 505,

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[2] If there were ever a basis for a presumption in the attorney fee context, it would be *against* awarding fees where the infringement was adjudicated to have been innocent.

and reject any hint of a presumption in favor of fees to prevailing parties.

Respectfully submitted.

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